

Pursuant to the above, Dr. Dan Edokppolo Austin requested a postponement of the hearing on September 29, 2010. After requesting documentation for the postponement request and not receiving the appropriate documentation, the MIA advised Dr. Austin that the hearing would proceed as scheduled. Dr. Austin indicated that he would attend today's hearing.

The hearing convened as scheduled on Friday, October 22, 2010 at 9:30 a.m. at the Maryland Insurance Administration, at which time neither the Respondents nor a representative of the Respondents appeared. The MIA was present and ready to proceed with their counsel, Assistant Attorney General Mary Nevius. After waiting approximately twenty minutes, during which time the Respondents failed to appear, the MIA proceeded with their case against the Respondents.

NOW THEREFORE, it is **ORDERED** as follows:

1. That the Respondents are found in **DEFAULT**; and
2. That the MIA's Cease and Desist Order be **UPHELD**;
3. The Compliance and Enforcement Unit shall notify the Maryland Board of Physicians of this final cease and desist order.

It is so **ORDERED** this 25th day of October 2010.

BETH SAMMIS
Acting Commissioner

Signature on file with Original

KAREN STAKEM HORNIG
Deputy Commissioner

IN THE MATTER OF THE

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BEFORE THE

MARYLAND INSURANCE
COMMISSIONER

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STATE OF MARYLAND
INSURANCE COMMISSIONER

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v.

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CIGNET HEALTH
P.O. BOX 6500
LARGO, MD 20792

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CIGNET MEDICAL GROUP
3710 RIVIERA STREET, 2C
TEMPLE HILLS, MD 20748-1719

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CIGNET HEALTH
3710 RIVIERA STREET, 1A
TEMPLE HILLS, MD 20748-1719

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CIGNET HEALTH
P.O. BOX 6396
LARGO, MD 20792

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CIGNET HEALTH
12164 CENTRAL AVENUE, #222
MITCHELLVILLE, MD 20721

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CIGNET HEALTH
4302 SAINT BARNABAS ROAD
TEMPLE HILLS, MD 20748

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DR. DAN EDOKPPOLO AUSTIN
3710 RIVIERA STREET, 2C
TEMPLE HILLS, MD 20748-1719

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CASE No.: MIA-2010-08-037

DR. DAN EDOKPPOLO AUSTIN
7204 WOLF SHOAL ROAD
FAIRFAX STATION, VA 22039

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Enf. File No.: LH-47-2009

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Service of Respondents on:
Secretary of State of Maryland
16 Francis Street
Annapolis, MD 21401

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HEARING NOTICE

Pursuant to Md. Ann. Code, Insurance § 2-201, § 2-204, § 2-210, § 2-211, § 4-114, § 27-103 and all other pertinent sections of the Insurance Article, the Maryland Insurance Commissioner informs the business entities and persons identified in this notice and attached Proposed Cease and Desist Order that a hearing will be held on **October 22, 2010 at 9:30AM**. The location will be Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202. The hearing will address the allegations and charges contained in the Proposed Cease and Desist Order.

ELIZABETH SAMMIS
ACTING INSURANCE COMMISSIONER

Signature on file with Original

By:

Nancy Grodin, Associate Commissioner
Compliance & Enforcement Unit

IN THE MATTER OF THE

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BEFORE THE

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MIA CASE NO.: MIA-2010-08-037

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Enf. File No.: LH-47-2009

*

Service of Respondents on:
Secretary of State of Maryland
16 Francis Street
Annapolis, MD 21401

*

AMENDED ORDER

This Cease and Desist Order is entered by the Maryland Insurance Commissioner (“the Commissioner”) pursuant to §§ 4-114 and 27-103 of the Maryland Insurance Article, against Cignet Health, and Cignet Medical Group; and the following principle of the unauthorized entities: Doctor Dan Edokpolo Austin, (collectively "The Respondents") and their officers, directors, members, managers, trustees, agents, employees and affiliates, which and who are conducting the business of health insurance in the State of Maryland. The Order’s purpose is to enforce the applicable provisions of the Insurance Article of the Maryland Code Annotated (the “Insurance Article”) pursuant to § 2-108 of that Article. As the basis for this action, the Maryland Insurance Administration (“the Administration”) states as follows.

I. Facts

1. Cignet Medical Group, Inc. ("Cignet") is a corporation that was formed in the State of Maryland on July 21, 2003. Its principal office location and mailing address is 3710 Riviera Street Suite 2C, Temple Hills Maryland, 20748. Darryl F. White is the Registered Agent for Cignet with an address of 302 Mississippi Avenue, Silver Spring Maryland 20910. Doctor Dan Edokpolo Austin managed, operated, and/or owned Cignet.
2. Cignet Health Plan, Inc. ("Cignet Health") is a corporation formed in the State of Maryland on February 19, 2002. Its principal office location and mailing address is 3710 Riviera Street Suite 2C, Temple Hills Maryland, 20748. Darryl F. White is the Registered Agent for Cignet Health with an address of 302 Mississippi Avenue, Silver Spring Maryland 20910. Doctor Dan Edokpolo Austin managed, operated, and/or owned Cignet Health.
3. On March 20, 2009 the Administration received a complaint from a Maryland physician who had submitted a claim to Cignet Health for covered services rendered to a patient. Cignet did not make payment. The provider made multiple attempts to obtain payment, and had several telephone conversations with the Cignet Health Office Manager.

4. The patient had paid monthly premiums to Cignet and/or Cignet Health for health insurance.

5. The MIA's subsequent investigation revealed, *inter alia*, that Cignet Health maintained a website¹. The information listed on the website clearly indicated that Cignet Health and Cignet Health Plan were and are engaged in the business of selling health insurance in the State of Maryland. The site identified a list of four plans and the fees associated with each of the plans. There were/are options listed for a prescription-only plan and a dental plan. The website specifically stated, "For enrollment into the Cignet Health plan please call customer service at 1-866-444-5787" and provided a mailing address for Cignet Health Plan's sales department of P.O. Box 6500, Largo MD 20792.

6. The Respondents solicited and sold health insurance products in the State of Maryland without maintaining the required license to act as health insurance producers or a health insurer. The Respondents' license to act as resident producer firm, license number RPF 170706, expired on April 26, 2002 and was not renewed.

7. The Respondents engaged in selling health insurance and misrepresented the existence of insurance coverage; collected premium for non-existent coverage; and failed to remit payment due to healthcare providers.

II. Violations

8. Section 4-101 (a) of the Insurance Article of the Maryland Annotated Code ("the Insurance Article") states that:

(1) Except as otherwise provided in this article, a person may not act as an insurer and an insurer may not engage in the insurance business in the State unless the person has a certificate of authority issued by the Commissioner.

¹ Cignet health web address of <http://cignethealth.com/plan/index.html>

(2) An insurer may not have or maintain in this State an office, representative, or other facility to solicit or service any kind of insurance in another state unless the insurer is then authorized to engage in the same kind of insurance business in this State.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 4-101 of the Article.

9. Section 4-203 (b) of the Insurance Article states that:

With respect to a subject of insurance resident, located, or to be performed in the State, a person may not in the State directly or indirectly act as an insurance producer for, or otherwise represent or help on behalf of another, an unauthorized insurer to:

- (1) solicit, negotiate, or effect insurance...;
- (2) inspect risks;
- (3) fix rates;
- (4) investigate or adjust losses;
- (5) collect premiums; or
- (6) transact insurance business in any other manner.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 4-203 of the Article.

10. Section 4-205 (b) of the Insurance Article states:

An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business . . . except as provided by and in accordance with the specific authorization of statute.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 4-205 (b) of the Article.

11. Section 10-103 (c) States that:

Except as otherwise provided in this article, before a person acts as an insurance producer in the State, the person must obtain:

- (1) a license in the kind or subdivision of insurance for which the person intends to act as an insurance producer; and
- (2) if acting for an insurer, an appointment from the insurer.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 10-103 (c) of the Article.

12. Section 27-202 states:

A person may not:

(1) make, issue, circulate, or cause to be made, issued, or circulated an estimate, circular, or statement that misrepresents the terms of a policy issued or to be issued, the benefits or advantages promised by the policy...;

(3) make a misleading representation or any misrepresentation about the financial condition of an insurer...; or

(4) use a name or title of a policy or class of policies that misrepresents the true nature of the policy or class of policies.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 27-202 of the Article.

13. 27-203 states:

A person may not make, publish, disseminate, circulate, place before the public, or cause directly or indirectly to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, in the form of a notice, circular, pamphlet, letter, or poster, over a radio or television station, or in any other way, an advertisement, announcement, or statement that contains an assertion, representation, or statement about the business of insurance or about a person in the conduct of the person's insurance business that is untrue, deceptive, or misleading.

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-203 of the Article.

14. Section 27-216 states:

(a) *Insurance not provided.* - A person may not willfully collect a premium or charge for insurance if the insurance is not then provided, or is not in due course to be provided subject to acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by this article.

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-216 of the Article.

15. Section 27-303 states:

It is an unfair claim settlement practice and a violation of this subtitle for an insurer or nonprofit health service plan to:

(1) misrepresent pertinent facts or policy provisions that relate to the claim or coverage at issue;

(2) refuse to pay a claim for an arbitrary or capricious reason based on all available information;

(3) attempt to settle a claim based on an application that is altered without notice to, or the knowledge or consent of, the insured;

(4) fail to include with each claim paid to an insured or beneficiary a statement of the coverage under which payment is being made;

(6) fail to provide promptly on request a reasonable explanation of the basis for a denial of a claim;

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-303 of the Article.

16. Section 27-304 states:

It is an unfair claim settlement practice and a violation of this subtitle for an insurer..., when committed with the frequency to indicate a general business practice, to:

(1) misrepresent pertinent facts or policy provisions that relate to the claim or coverage at issue;

(2) fail to acknowledge and act with reasonable promptness on communications about claims that arise under policies;

(3) fail to adopt and implement reasonable standards for the prompt investigation of claims that arise under policies;

(4) refuse to pay a claim without conducting a reasonable investigation based on all available information;

(5) fail to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(6) fail to make a prompt, fair, and equitable good faith attempt, to settle claims for which liability has become reasonably clear;

(7) compel insureds to institute litigation to recover amounts due under policies by offering substantially less than the amounts ultimately recovered in actions brought by the insureds;

(8) attempt to settle a claim for less than the amount to which a reasonable person would expect to be entitled after studying written or printed advertising material accompanying, or made part of, an application;

(10) fail to include with each claim paid to an insured or beneficiary a statement of the coverage under which the payment is being made;

(12) delay an investigation or payment of a claim by requiring a claimant or a claimant's licensed health care provider to submit a preliminary claim report and subsequently to submit formal proof of loss forms that contain substantially the same information;

(14) fail to provide promptly a reasonable explanation of the basis for denial of a claim or the offer of a compromise settlement;

(15) refuse to pay a claim for an arbitrary or capricious reason based on all available information;

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-304 of the Article.

III. Sanctions

17. Section 4-114 of the Article states that:

(a) *In general.*- Without notice and before hearing, the Commissioner may issue and have served on an insurer an order requiring the insurer immediately to cease and desist from writing insurance in the State if it appears to the Commissioner that:

(1) the insurer is:

(i) conducting its business and affairs in a manner that threatens to make it insolvent or that is hazardous to its policyholders, creditors, or the general public; or

(ii) engaged in an act, practice, or transaction that constitutes grounds making the insurer subject to conservation or liquidation proceedings; and

(2) irreparable loss and injury to the property and business of the insurer or the general public has occurred or may occur unless the Commissioner acts immediately.

(b) *Notice and hearing.* -

(1) When an order is served on an insurer under subsection (a) of this section, the Commissioner shall issue and also serve on the insurer notice of a hearing to be held at a place and time not later than 5 days after the date of the order.

(2) If the insurer waives the right to a hearing within 5 days after the date of the order, the hearing shall be held within 30 days after service of the order.

18. Section 27-103 (a) of the Article states, *inter alia*, that:

(1) If the Commissioner finds that a person in the State has engaged or is engaging in an act or practice that is defined in or prohibited under this title, the Commissioner shall order the person to cease and desist from the act or practice.

(2) The Commissioner shall hold a hearing before the Commissioner issues a cease and desist order under this subsection.

(3) The Commissioner shall give the person notice of the hearing and the charges against the person.

(f) *Effect of section.*- Regardless of whether a hearing is scheduled or held or a cease and desist order is issued, this section does not affect or prevent the imposition of a penalty provided by this article or other law for violation of another provision of this title.

19. Section 2-108 of the Insurance Article states that:

In addition to any powers and duties set forth by the laws of the State, the Commissioner:

- (1) has the powers and authority expressly conferred on the Commissioner or reasonably implied from this Article;
- (2) shall enforce the Article[.]

20. Section 4-212 of the Insurance Article states that:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

21. Section 27-305 states that:

(a) *For violation of § 27-303.* – The Commissioner may impose a penalty:

- (1) not exceeding \$2,500 for each violation of § 27-303 of this subtitle or a regulation adopted under § 27-303 of this subtitle; and
- (2) not exceeding \$125,000 for each violation of § 27-303(9) of this subtitle or a regulation adopted under § 27-303(9) of this subtitle.

(b) *For violation of § 27-304.* – The penalty for a violation of § 27-304 of this subtitle is as provided in §§ 1-301, 4-113, 4-114, and 27-103 of this article.

(c) *Restitution.* – (1) On finding a violation of this subtitle, the Commissioner may require an insurer... to make restitution to each claimant who has suffered actual economic damage because of the violation.

Respondents have misrepresented to consumers in Maryland that Respondents are a licensed health insurer in the State of Maryland and that Respondents are authorized to sell health insurance. Respondents are not authorized to sell, solicit, negotiate, or otherwise engage in the business of insurance in the State of Maryland. Respondents do not possess a certificate of authority as required by the § 4-101 of the Insurance Article. By holding themselves out and acting as a health insurance carrier and insurance producers without the required licenses, certificates of authority, and appointments, Respondents have violated and continue to violate the Insurance Article. They are therefore subject to sanctions as authorized by §§ 4-212 and 27-305 of the Insurance Article.

The public justifiably expects the Maryland Insurance Administration and the Maryland Insurance Commissioner to ensure that only competent and trustworthy insurers and producers

are permitted to conduct the business of insurance in the State and with Maryland consumers. By operating illegally and without appropriate regulatory oversight, Cignet Health, Cignet Medical Group, and Doctor Dan Edokpolo Austin threaten the Maryland citizens and residents who are in danger of purchasing unregistered health plans, which could result in unpaid claims. In view of the gravity of the allegations and charges and in consideration of the legislative policy of the State that only authorized insurers may operate in this field, the Commissioner enters this Order to enforce the Insurance Article and protect the public

WHEREFORE, for the reasons set forth above and effective this 15th day of October, 2010, it is HEREBY ORDERED:

A. Respondents, their affiliates, agents, directors, employees, managers, members, officers, principals, or trustees shall not conduct or engage in the business of insurance or act in any way as insurers, insurance producers, or managing general agents in the State of Maryland without authority, licenses, and the express written permission of the Maryland Insurance Administration or enter into any insurance contracts, whether or not styled as association, limited benefit, union, and/or group plans, with Maryland citizens and/or residents.

B. In addition to the direct prohibition against Respondents, their affiliates, agents, directors, employees, managers, members, officers, principals, or trustees engaging in or transacting insurance business without authority, Respondents shall not indirectly do so by working with or through licensed or unlicensed insurance producers and/or third parties, nor shall Respondents pay such persons or business entities commissions, fees, rebates, rewards, or other consideration for advertising, marketing, negotiating, selling, soliciting, or underwriting their products to Maryland consumers or in the State of Maryland.

C. Respondents shall be individually, jointly, and severally liable for the payment of restitution to any Maryland citizen or resident who has suffered financial injury or actual

economic damages as a result of their actions or omissions. This duty shall be continuing in nature and remain in force until Respondents make full restitution to any and all such parties or victims.

D. Within 10 days from the date of this Order, Respondent shall identify all Maryland residents that are enrolled in the unauthorized entities, Cignet Health or Cignet Medical Group, and provide to the Insurance Commissioner a list including enrollee name, address, telephone number, the date the enrollee's coverage began, and the total amount of premiums collected from each enrollee.

E. Respondents shall not transfer any Maryland resident to another health plan, discount plan, association plan, or any type of plan or product, and shall cease debiting the bank and/or savings accounts, or drafting of check/debit cards or credit cards for any product Respondents have sold to Maryland residents.

F. In any hearing held, the Maryland Insurance Administration will seek civil penalties as authorized under § 4-212 of the Insurance Article for each violation.

G. You have the right to appear at a hearing to challenge the statements and representations contained in this Order. Failure to appear at the scheduled hearing will result in a waiver of your right to contest this Cease and Desist Order and the Order will become final on its effective date.

ELIZABETH SAMMIS
ACTING INSURANCE COMMISSIONER

By:

Signature on file with Original

Nancy Griffin, Associate Commissioner
Compliance & Enforcement Unit

Proposed Cease and Desist Order that a hearing will be held on **September 14, 2010 at 1:30PM.**
The location will be Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore,
Maryland 21202. The hearing will address the allegations and charges contained in the Proposed
Cease and Desist Order.

ELIZABETH SAMMIS
ACTING INSURANCE COMMISSIONER

By: **Signature on file with Original**

Nancy Grodin, Associate Commissioner
Compliance & Enforcement Unit

entities: Doctor Dan Edokpolo Austin, (collectively "The Respondents") and their officers, directors, members, managers, trustees, agents, employees and affiliates, which and who are conducting the business of health insurance in the State of Maryland. The Order's purpose is to enforce the applicable provisions of the Insurance Article of the Maryland Code Annotated (the "Insurance Article") pursuant to § 2-108 of that Article. As the basis for this action, the Maryland Insurance Administration ("the Administration") states as follows.

I. Facts

1. Cignet Medical Group, Inc. ("Cignet") is a corporation that was formed in the State of Maryland on July 21, 2003. Its principal office location and mailing address is 3710 Riviera Street Suite 2C, Temple Hills Maryland, 20748. Darryl F. White is the Registered Agent for Cignet with an address of 302 Mississippi Avenue, Silver Spring Maryland 20910. Doctor Dan Edokpolo Austin managed, operated, and/or owned Cignet.
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3. On March 20, 2009 the Administration received a complaint from a Maryland physician who had submitted a claim to Cignet Health for covered services rendered to a patient. Cignet did not make payment. The provider made multiple attempts to obtain payment, and had several telephone conversations with the Cignet Health Office Manager.
4. The patient had paid monthly premiums to Cignet and/or Cignet Health for health insurance.

5 The MIA's subsequent investigation revealed, *inter alia*, that Cignet Health maintained a website¹. The information listed on the website clearly indicated that Cignet Health and Cignet Health Plan were and are engaged in the business of selling health insurance in the State of Maryland. The site identified a list of four plans and the fees associated with each of the plans. There were/are options listed for a prescription-only plan and a dental plan. The website specifically stated, "For enrollment into the Cignet Health plan please call customer service at 1-866-444-5787" and provided a mailing address for Cignet Health Plan's sales department of P.O. Box 6500, Largo MD 20792.

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II. Violations

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(2) An insurer may not have or maintain in this State an office, representative, or other facility to solicit or service any kind of insurance in another state unless the insurer is then authorized to engage in the same kind of insurance business in this State.

¹ Cignet health web address of <http://cignethealth.com/plan/index.html>

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 4-101 of the Article.

9. Section 4-203 (b) of the Insurance Article states that:

With respect to a subject of insurance resident, located, or to be performed in the State, a person may not in the State directly or indirectly act as an insurance producer for, or otherwise represent or help on behalf of another, an unauthorized insurer to:

- (1) solicit, negotiate, or effect insurance...;
- (2) inspect risks;
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- (4) investigate or adjust losses;
- (5) collect premiums; or
- (6) transact insurance business in any other manner.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 4-203 of the Article.

10. Section 4-205 (b) of the Insurance Article states:

An insurer or other person may not, directly or indirectly, do any of the acts of an insurance business . . . except as provided by and in accordance with the specific authorization of statute.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 4-205 (b) of the Article.

11. Section 10-103 (c) States that:

Except as otherwise provided in this article, before a person acts as an insurance producer in the State, the person must obtain:

- (1) a license in the kind or subdivision of insurance for which the person intends to act as an insurance producer; and
- (2) if acting for an insurer, an appointment from the insurer.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 10-103 (c) of the Article.

12. Section 27-202 states:

A person may not:

(1) make, issue, circulate, or cause to be made, issued, or circulated an estimate, circular, or statement that misrepresents the terms of a policy issued or to be issued, the benefits or advantages promised by the policy...;

(3) make a misleading representation or any misrepresentation about the financial condition of an insurer...; or

(4) use a name or title of a policy or class of policies that misrepresents the true nature of the policy or class of policies.

By engaging in the conduct described in paragraphs 1-7, *supra*, the Respondents have violated § 27-202 of the Article.

13. 27-203 states:

A person may not make, publish, disseminate, circulate, place before the public, or cause directly or indirectly to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, in the form of a notice, circular, pamphlet, letter, or poster, over a radio or television station, or in any other way, an advertisement, announcement, or statement that contains an assertion, representation, or statement about the business of insurance or about a person in the conduct of the person's insurance business that is untrue, deceptive, or misleading.

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-203 of the Article.

14. Section 27-216 states:

(a) *Insurance not provided.* - A person may not willfully collect a premium or charge for insurance if the insurance is not then provided, or is not in due course to be provided subject to acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by this article.

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-216 of the Article.

15. Section 27-303 states:

It is an unfair claim settlement practice and a violation of this subtitle for an insurer or nonprofit health service plan to:

(1) misrepresent pertinent facts or policy provisions that relate to the claim or coverage at issue;

(2) refuse to pay a claim for an arbitrary or capricious reason based on all available information;

(3) attempt to settle a claim based on an application that is altered without notice to, or the knowledge or consent of, the insured;

(4) fail to include with each claim paid to an insured or beneficiary a statement of the coverage under which payment is being made;

(6) fail to provide promptly on request a reasonable explanation of the basis for a denial of a claim;

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-303 of the Article.

16. Section 27-304 states:

It is an unfair claim settlement practice and a violation of this subtitle for an insurer..., when committed with the frequency to indicate a general business practice, to:

(1) misrepresent pertinent facts or policy provisions that relate to the claim or coverage at issue;

(2) fail to acknowledge and act with reasonable promptness on communications about claims that arise under policies;

(3) fail to adopt and implement reasonable standards for the prompt investigation of claims that arise under policies;

(4) refuse to pay a claim without conducting a reasonable investigation based on all available information;

(5) fail to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(6) fail to make a prompt, fair, and equitable good faith attempt, to settle claims for which liability has become reasonably clear;

(7) compel insureds to institute litigation to recover amounts due under policies by offering substantially less than the amounts ultimately recovered in actions brought by the insureds;

(8) attempt to settle a claim for less than the amount to which a reasonable person would expect to be entitled after studying written or printed advertising material accompanying, or made part of, an application;

(10) fail to include with each claim paid to an insured or beneficiary a statement of the coverage under which the payment is being made;

(12) delay an investigation or payment of a claim by requiring a claimant or a claimant's licensed health care provider to submit a preliminary claim report and subsequently to submit formal proof of loss forms that contain substantially the same information;

(14) fail to provide promptly a reasonable explanation of the basis for denial of a claim or the offer of a compromise settlement;

(15) refuse to pay a claim for an arbitrary or capricious reason based on all available information;

By engaging in the conduct described in paragraphs 1-7, *supra*, Respondents have violated § 27-304 of the Article.

III. Sanctions

17. Section 4-114 of the Article states that:

(a) *In general.*- Without notice and before hearing, the Commissioner may issue and have served on an insurer an order requiring the insurer immediately to cease and desist from writing insurance in the State if it appears to the Commissioner that:

(1) the insurer is:

(i) conducting its business and affairs in a manner that threatens to make it insolvent or that is hazardous to its policyholders, creditors, or the general public; or

(ii) engaged in an act, practice, or transaction that constitutes grounds making the insurer subject to conservation or liquidation proceedings; and

(2) irreparable loss and injury to the property and business of the insurer or the general public has occurred or may occur unless the Commissioner acts immediately.

(b) *Notice and hearing.* -

(1) When an order is served on an insurer under subsection (a) of this section, the Commissioner shall issue and also serve on the insurer notice of a hearing to be held at a place and time not later than 5 days after the date of the order.

(2) If the insurer waives the right to a hearing within 5 days after the date of the order, the hearing shall be held within 30 days after service of the order.

18. Section 27-103 (a) of the Article states, *inter alia*, that:

(1) If the Commissioner finds that a person in the State has engaged or is engaging in an act or practice that is defined in or prohibited under this title, the Commissioner shall order the person to cease and desist from the act or practice.

(2) The Commissioner shall hold a hearing before the Commissioner issues a cease and desist order under this subsection.

(3) The Commissioner shall give the person notice of the hearing and the charges against the person.

(f) *Effect of section.*- Regardless of whether a hearing is scheduled or held or a cease and desist order is issued, this section does not affect or prevent the imposition of a penalty provided by this article or other law for violation of another provision of this title.

19. Section 2-108 of the Insurance Article states that:

In addition to any powers and duties set forth by the laws of the State, the Commissioner:

- (1) has the powers and authority expressly conferred on the Commissioner or reasonably implied from this Article;
- (2) shall enforce the Article[.]

20. Section 4-212 of the Insurance Article states that:

An unauthorized insurer or person that violates this subtitle is subject to a civil penalty of not less than \$100 but not exceeding \$50,000 for each violation.

21. Section 27-305 states that:

(a) *For violation of § 27-303.* – The Commissioner may impose a penalty:

- (1) not exceeding \$2,500 for each violation of § 27-303 of this subtitle or a regulation adopted under § 27-303 of this subtitle; and
- (2) not exceeding \$125,000 for each violation of § 27-303(9) of this subtitle or a regulation adopted under § 27-303(9) of this subtitle.

(b) *For violation of § 27-304.* – The penalty for a violation of § 27-304 of this subtitle is as provided in §§ 1-301, 4-113, 4-114, and 27-103 of this article.

(c) *Restitution.* – (1) On finding a violation of this subtitle, the Commissioner may require an insurer... to make restitution to each claimant who has suffered actual economic damage because of the violation.

Respondents have misrepresented to consumers in Maryland that Respondents are a licensed health insurer in the State of Maryland and that Respondents are authorized to sell health insurance. Respondents are not authorized to sell, solicit, negotiate, or otherwise engage in the business of insurance in the State of Maryland. Respondents do not possess a certificate of authority as required by the § 4-101 of the Insurance Article. By holding themselves out and acting as a health insurance carrier and insurance producers without the required licenses, certificates of authority, and appointments, Respondents have violated and continue to violate the Insurance Article. They are therefore subject to sanctions as authorized by §§ 4-212 and 27-305 of the Insurance Article.

The public justifiably expects the Maryland Insurance Administration and the Maryland Insurance Commissioner to ensure that only competent and trustworthy insurers and producers

are permitted to conduct the business of insurance in the State and with Maryland consumers. By operating illegally and without appropriate regulatory oversight, Cignet Health, Cignet Medical Group, and Doctor Dan Edokpolo Austin threaten the Maryland citizens and residents who are in danger of purchasing unregistered health plans, which could result in unpaid claims. In view of the gravity of the allegations and charges and in consideration of the legislative policy of the State that only authorized insurers may operate in this field, the Commissioner enters this Order to enforce the Insurance Article and protect the public

WHEREFORE, for the reasons set forth above and effective this 25th day of August, 2010, it is HEREBY ORDERED:

A. Respondents, their affiliates, agents, directors, employees, managers, members, officers, principals, or trustees shall not conduct or engage in the business of insurance or act in any way as insurers, insurance producers, or managing general agents in the State of Maryland without authority, licenses, and the express written permission of the Maryland Insurance Administration or enter into any insurance contracts, whether or not styled as association, limited benefit, union, and/or group plans, with Maryland citizens and/or residents.

B. In addition to the direct prohibition against Respondents, their affiliates, agents, directors, employees, managers, members, officers, principals, or trustees engaging in or transacting insurance business without authority, Respondents shall not indirectly do so by working with or through licensed or unlicensed insurance producers and/or third parties, nor shall Respondents pay such persons or business entities commissions, fees, rebates, rewards, or other consideration for advertising, marketing, negotiating, selling, soliciting, or underwriting their products to Maryland consumers or in the State of Maryland.

C. Respondents shall be individually, jointly, and severally liable for the payment of restitution to any Maryland citizen or resident who has suffered financial injury or actual

economic damages as a result of their actions or omissions. This duty shall be continuing in nature and remain in force until Respondents make full restitution to any and all such parties or victims.

D. Within 10 days from the date of this Order, Respondent shall identify all Maryland residents that are enrolled in the unauthorized entities, Cignet Health or Cignet Medical Group, and provide to the Insurance Commissioner a list including enrollee name, address, telephone number, the date the enrollee's coverage began, and the total amount of premiums collected from each enrollee.

E. Respondents shall not transfer any Maryland resident to another health plan, discount plan, association plan, or any type of plan or product, and shall cease debiting the bank and/or savings accounts, or drafting of check/debit cards or credit cards for any product Respondents have sold to Maryland residents.

F. In any hearing held, the Maryland Insurance Administration will seek civil penalties as authorized under § 4-212 of the Insurance Article for each violation.

G. You have the right to appear at a hearing to challenge the statements and representations contained in this Order. Failure to appear at the scheduled hearing will result in a waiver of your right to contest this Cease and Desist Order and the Order will become final on its effective date.

ELIZABETH SAMMIS
ACTING INSURANCE COMMISSIONER

By:

Signature on file with Original

Nancy Grödin, Associate Commissioner
Compliance & Enforcement Unit